

Message Text

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PAGE 01 CAIRO 00196 141119Z

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C O N F I D E N T I A L CAIRO 0196

FROM HOUGHTON

EO 11652: GDS

TAGS: OVIP PFOR EG

SUBJECT: VISIT OF SENATOR J. BENNET JOHNSTON TO CAIRO.

DEPUTY PRIME MINISTER HEGAZI'S VIEWS OF THE
FUTURE OF EGYPT.

1. SENATOR J. BENNET JOHNSTON VISITED CAIRO JANUARY 8TH THROUGH 11TH. DURING HIS STAY HERE HE MET WITH DEPUTY PRIME MINISTER AND MINISTER OF FINANCE, ECONOMY AND FOREIGN TRADE, DR. ABDUL AZIZ HEGAZI; MINISTER OF PETROLEUM, AHAMD HILAL; DR. HAMAD AS-SAYED, GOVERNOR OF THE NATIONAL BANK OF EGYPT; DR. ABDUL MONEIM QASSUNI, GOVERNOR OF THE ARAB INTERNATIONAL BANK; AND DR. FAWZI AL-GAMMADI, MEMBER OF THE PEOPLE'S ASSEMBLY AND CHAIRMAN OF THE ARAB AFFAIRS COMMITTEE. SENATOR JOHNSTON WAS BRIEFED ON POLITICAL AND ECONOMIC MATTERS AT USINT, AMBASSADOR EILTS ALSO BRIEFED THE SENATOR AND HOSTED A WORKING LUNCH WITH THE SENATOR AND HIS STAFF. IN ADDITION THE SENATOR MET A GROUP OF SENIOR EGYPTIAN OFFICIALS IN THE BANKING, PETROLEUM, AND ECONOMIC FIELDS AT A DINNER HOSTED BY ESCORT OFFICER EDMONDS.

2. THE HIGHLIGHT OF THE TRIP WAS THE SENATOR'S MEETING WITH DEPUTY PRIME MINISTER HEGAZI, WHO IS REPORTEDLY IN LINE TO BECOME THE NEXT PRIME MINISTER. IN A WIDE-RANGING, PENSIVE DISCUSSION, DR. HEGAZI SKETCHED OUT HIS IDEAS OF THE FUTURE OF EGYPT. HE PREDICATED THIS ON FIRM SETTLEMENT OF EGYPT'S PROBLEMS WITH ISRAEL. WITHOUT A STABLE SETTLEMENT THERE IS NO ECONOMIC FUTURE FOR EGYPT BECAUSE
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PAGE 02 CAIRO 00196 141119Z

MAINTENANCE OF A MAJOR MILITARY ESTABLISHMENT AND STANCE IS

AND HAD BEEN A CONTINUING DRAIN ON EGYPT'S RESOURCES. EGYPT WANTS ABOVE ALL TO ACHIEVE HER ECONOMIC INDEPENDENCE; SHE HAS ACHIEVED HER POLITICAL INDEPENDENCE THROUGH HER VICTORY IN THE OCTOBER WAR. WITH A SETTLEMENT EGYPT WILL ENTER A NEW PHASE OF ECONOMIC DEVELOPMENT. SHE WILL NOT RELY ON MASSIVE AID PROGRAMS TO ACHIEVE THIS AS WAS DONE IN THE PAST. ACCEPTANCE OF MASSIVE AID PROGRAMS SUCH AS THE SOVIET AND THE AMERICAN MEANS A LOSS OF POLITICAL INDEPENDENCE. IN DR. HEGAZI'S VIEW THIS ALSO APPLIES TO FUTURE ARAB PARTICIPATION IN EGYPTIAN DEVELOPMENT. IN HER DEVELOPMENT EGYPT WILL RETAIN FULL CONTROL OVER ANY PROJECTS FINANCED BY ARAB OR WESTERN INSTITUTIONS. DR. HEGAZI CITED THE SUMED PIPELINE PROJECT AS AN EXAMPLE OF THIS. DR. HEGAZI ALSO COMMENTED ON THE LIBERALIZATION OF THE EGYPTIAN ECONOMY AND THE INCREASING INPUT WHICH HE EXPECTS FROM THE PRIVATE SECTOR. WITH THE REDUCTION OF THE EGYPTIAN ARMED FORCES, WHICH HE EXPECTS AFTER A PEACE SETTLEMENT, EGYPT WILL BE ABLE TO INVEST A GREATER PORTION OF HER BUDGET TO DEVELOP. HE NOTED THAT THE DEVELOPMENT IN EGYPT'S INTERNAL RESOURCES, OIL, COPPER, PETRO-CHEMICALS AND CHEMICAL FERTILIZERS, WOULD MAKE A CONTRIBUTION TO THE WORLD ECONOMY AND ALSO TO EGYPT. COMMENT: THE USINT ESCORT OFFICER WHO HAS MET WITH HEGAZI SEVERAL TIMES DURING THE PAST HALF-YEAR NOTICES A CHANGE IN DR. HEGAZI. IN COMPARISON WITH HIS PREVIOUS RAPID STYLE OF SPEECH, ON THIS OCCASION HE WAS MUCH MORE CAREFUL IN FORMING HIS STATEMENTS AND REPLIES. IN SHORT, HE SEEMED SOMEWHAT SUBDUED, OR EVEN AWED. WHEN WISHED WELL AT THE END OF THE MEETING BY SENATOR JOHNSTON IN HIS NEW CAPACITY, HE ACCEPTED THE GOOD WISHES WITH A SMILE AND A HANDSHAKE AND A WORD OF THANKS.

3. SENATOR JOHNSTON PROVED WELL BRIEFED, WELL STAFFED, AND WILLING TO LEARN. THE EGYPTIANS RESPONDED EXTREMELY WELL TO THE SENATOR AND HIS OBJECTIVE, WELL-BALANCED APPROACH TO THE MIDDLE EAST AND ITS PROBLEMS. CODEL JOHNSTON'S VISIT WAS A DEFINITE PLUS. EILTS

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